

PERFORMANCE OF ICT ON SMALL AND MEDIUM ENTERPRISES IN CUDDALORE DISTRICT

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ABSTRACT

This research study primarily aims to explore the role of information communication technology's performance of small and medium scale enterprises in the Cuddalore district of Tamil Nadu. The researchers conducted an exploratory and empirical research for the purpose of exploring the answers to the research questions of the study. The questionnaire has been issued to the respondents through survey method of data collection. The results indicate that information and communication technology has significant role in the performance of small and medium scale industries of Cuddalore district of Tamil Nadu. Further, the researchers suggested to focus on more useful investments in the technological upgradation of the small and medium scale enterprises to focus more on enhancing the performance.

KEYWORDS: ICT, SME's, Performance & Technology

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INTRODUCTION

After the globalization, liberalization and privatization in early 1990's, majority of the organizations are started to adopt the information and communication technology (ICT) in their day-to-day operations. ICT helps and facilitates different SMEs to focus on providing better customer service and performance in the highly competitive environment. Due to the strict competition in the global market, many organizations and companies are stated increasing the potential to improve the performance and profitability over a period time. Understand the political, economical, social and cultural factors that contributes for the betterment in the business environment of the organization have very significant impact on the organisational policies and procedures. This type of organization have better opportunity to increase the stability and performance for SME's in India.

Many SME's are spending huge among of investment in the technological adoption of the organization to compete at the global level. This type of organizations are very imperative for the growth of the capital market and economic conditions of the country. There are many barriers are there for every business entities to adopt the information and communication technology in their day-to-day lives for the purpose of leading to more efficient business processes and better firm performance.

REVIEW

Muller and Fallk (2001) found for Indian manufacturing SMEs those enterprises that use more advanced forms of ICT have on average a higher productivity and a higher growth rate. Brynjolfsson and Hitt (2000); David (1990); Greenwood and Jovanovic (1998); Malone and Rockart (1991) have also analysed the impact of ICT on firm-level

productivity. It is usually stressed that ICT investments must be combined with complementary investments in work practices, human capital and firm restructuring to have an impact on performance. Van Ark et al, (2003), Nordhaus (2012) argued that ICT-related productivity increases are primarily observed in those sectors that have invested heavily in the usage of ICT, including trade, financial services, business services, and the ICT manufacturing sectors themselves. Garsombke and Garsombke (1989) found computerisation to be a significant predictor of the performance of small manufacturing firms. Duan et al, (1992) found SMEs with sophisticated ICT performed not better than SMEs with less sophisticated ICT.

OBJECTIVES OF THE STUDY

The objective of the present study was to analyse the effects of Information and Communication Technologies on Business Performance of Small and Medium Enterprises in Cuddalore District.

METHODOLOGY

The study focuses on perceptions of small and medium entrepreneur with regard to ICT utilized parameters. The information for the study is collected from major sources of primary data through questionnaire. The target population for data collection is the small and medium sized enterprises in the Cuddalore District. The samples size of 180 small and medium sized entrepreneurs are selected from convenience sampling techniques.

Statistical Techniques

The collected primary data are subjected to various statistical techniques from descriptive statistics like Simple Percentage, Mean and Standard deviation.

LIMITATIONS OF THE STUDY

The study is confined to following limitations.

- Due to paucity of time, the size of the sample has been restricted to 180 from Cuddalore district and is taken into consideration.
- The study is confined only to the owner/head of industries, and so the outcome could not be generalized to the other categories of employees.

ANALYSIS AND INTERPRETATION

The findings from the analysis on the study, the effects of Information and Communication Technologies on Business Performance of Small and Medium Enterprises in the Cuddalore District are as follows:

Table 1: Nature of the Business

Nature of Business	No of Respondents	Percentage
Manufacturing	108	60.00
Service	72	40.00
Total	180	100.00

Table -1 shows that out of 180 sample respondents, 60.0 per cent of the respondents are manufacturing enterprises and 72 respondents are service companies, which is 40.0 per cent of the total companies, showing that in the study area is more in manufacturing enterprises, as it was first developed in these types of enterprises.

Table 2: Level of Computerized in the Selected Organisation

Percentage of Computerized	No. of Respondents	Percentage
Less than 25	25	13.89
25 to 50	55	30.56
50 to 75	80	44.44
More the 75	20	11.11
Total	180	100.00

From the table 2, nearly 13.89 per cent of the sample enterprises have computerized their operations less than 25 per cent, 30.56 per cent of the sample enterprises have computerized their operations between 25 to 50 per cent, 44.44 per cent of the sample enterprises have computerised their operations between 50 to 75 per cent, and only 11.11per cent of the sample enterprises have computerized their operation more than 75per cent.

Table 3: ICT Investment Drivers

Sl. No	Investment Drivers	No of Respondents	Percentage
1	Better customer support and services	77	42.78
2	strategy set by top management	52	28.89
3	Advice from consultants	28	15.56
4	Demand of suppliers	15	8.33
5	Government requirements	8	4.44
	Total	180	100.00

Inference from above table: 42.78 percent respondents told that the main reason of investment in ICT are better customer support and services, 28.89 percent respondents told that the main reason of investment in ICT are strategy set by top management, 15.56 percent respondents told that the main reason of investment in ICT are advice from consultants, 8.33 percent respondents told that the main reason of investment in ICT are demand of suppliers and very few 4.44 percent respondents told that the main reason of investment in ICT are government requirements.

Table 4: Level of Usage of Software

Sl. No	Software	Mean	Std. Deviation	CV
1	Inventory Management	4.67	0.89	19.06
2	Finance/Accounting	4.51	0.9	19.96
3	Human Resource Management	3.55	1.21	34.08
4	Customer Relations Management	3.47	0.95	27.38
5	Supply Chain Management	2.56	0.97	37.89
6	E-Commerce	2.11	0.96	45.5
7	Resource Planning	2.05	0.96	46.83
	Overall	3.35	0.95	

Source: Primary Data

An observation of the Table 4 shows that the level of usage of various ICT softwares like Inventory Management and Finance/Accounting softwares are used in predominantly with mean score 4.67 and 4.51 respectively. This extent of predominance is moderate in the Human Resource Management software which is followed by Customer Relations Management and Supply Chain Management, whereas the level of usage of enterprises software was low in E-Commerce and Resource Planning disciplines.

The level of impact on business performance by implementing ICT is measured in the following manner. The level of categories are high, moderate and low. If the value of impact is more than mean 4.14 (overall mean + standard

deviation = $3.22 + 0.92$), then it is considered to be high level. If the values less than mean 2.30 (over all mean – standard deviation = $3.22 - 0.92$), then it is considered to be low level impact. If the value is between high and low, it is considered as moderate level..

Table 5: Level of Effects on Information and Communication Technology Implementation

	Mean	Standard Deviation
Increased Revenue	3.65	0.917
Increased Customers	3.55	0.947
Reduced Costs	3.00	0.819
Reduced Overhead	3.21	0.865
Increased Efficiency	4.25	0.988
Better Access to Information	4.30	0.981
Prompt Deliveries	3.15	0.814
High Quality of Customer Care	2.15	0.907
Increased Sales	3.65	0.939
Improved Communication with Staff	2.15	0.936
New Products/Service Development	1.25	1.074
Reliable Business Forecast	4.70	0.957
Customer Profiling	4.65	0.872
Increased Market Share	2.75	0.896
Business Data Storage/Retrieval	3.54	0.807
More Secured Business Transactions	2.89	1.112
Employee Satisfaction	2.99	0.986
Increased Responsiveness to Customers	2.15	0.798
Average	3.22	0.92

An observation of the Table 5 shows that impact of ICT implementation in SME in the Cuddalore District is high for parameters like Reliable Business Forecast and Customer Profiling. Parameters like Better Access to Information and Increased Efficiency are having high level effects with mean score more than 4.14. Regarding ‘Increased Revenue, Increased Customers, Reduced Costs Reduced Overhead, Prompt Deliveries, Increased Sales, Increased Market Share, Business Data Storage/Retrieval, More Secured Business Transactions and Employee Satisfaction’, impact level is moderate with mean score range between 2.30 - 4.14, whereas the low level of impact was displayed for parameters like High Quality of Customer Care, Improved Communication with Staff, New Products/Service Development and Increased Responsiveness to customers.

CONCLUSIONS

The ICT systems do have positive effects on SMEs implementing them, and the results show that all of the SMEs under study admitted that. From present research though, it is evident that the level of ICT penetration into the SMEs in the Cuddalore District is too low. SMEs are either unaware of such packages, or unwilling to use them. Moreover, this finding shows that how much potential is in this part of the world to put the endeavour in making the package first known and second acceptable for the SMEs. It seems that though SMEs do need such systems, the two reasons mentioned above are the possible reasons of this low percentage of ICT usage in Cuddalore District. The reason could be the SMEs financial inability of purchasing ICT systems.

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